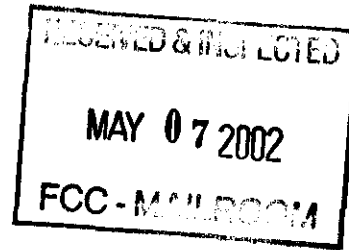




MONTANA  
TELECOMMUNICATIONS  
ASSOCIATION

Geoffrey A. Feiss, General Manager



April 11, 2002

William F. Caton, Acting Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
Washington, D.C.

RE: *Ex Parte* Presentation: CC Docket Nos. 96-45, 00-256 and 02-33

Dear Mr. Caton,

On April 8, a delegation of telecommunications executives represented by the Montana Telecommunications Association (list attached) met with staff of the Wireless Competition Bureau, including:

- Dorothy Attwood (Chief, Wireline Competition Bureau);
- Carol Matthey (Deputy Chief, Wireline Competition Bureau);
- Jane Jackson (Associate Chief, Wireline Competition Bureau);
- Jeff Dygert (Assistant Chief, Wireline Competition Bureau);
- Christopher Libertelli (Counsel, Wireline Competition Bureau);
- Jessica Rosenworcel (Counsel, Wireline Competition Bureau);
- Eric Einhorn (Deputy Chief, Telecommunications Access Policy Division, Wireline Competition Bureau);
- William Dever (Associate Chief, Competition Policy Division, Wireline Competition Bureau).

Two copies of this cover letter, a summary memo, and presentation are being mailed to you for each of the proceedings mentioned in MTA's presentation.

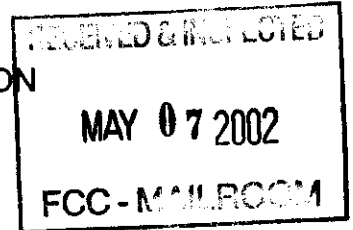
Sincerely,

A handwritten signature of Geoffrey A. Feiss, written in black ink, with a long horizontal line extending to the right.

Geoffrey A. Feiss  
General Manager

Attachments

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554



In the Matter of:

Federal-State Joint Board on	)	CC Docket No. 96-45.
Universal Service	)	
	)	
Access Charge Reform	)	CC Docket No. 00-256.
	)	
Wireline Broadband NPRM	)	CC Docket No. 02-33.

**Ex Parte Presentation by the Montana Telecommunications Association**

Ex Parte Communications: April 8 and April 9, 2002

The Montana Telecommunications Association (MTA) presented the attached PowerPoint slides to staff of the Wireline Competition Bureau on April 8, 2002, and to the legal advisors of Commissioners Abernathy, Copps and Martin on April 9, 2002.

Copies to Commission Secretary

MTA is providing two copies of this summary and the attached presentation to the Secretary of the Commission for each of the proceeding/dockets discussed.

Summary

MTA expressed its concern/opposition to portability of universal service at the incumbent's rate. Such a policy creates a windfall for wireless CETCs in



MONTANA  
TELECOMMUNICATIONS  
ASSOCIATION

particular, which in turn leads to uneconomic competition in rural areas, causing a “lowest common denominator” approach to telecommunication service in rural America.

MTA recommends gearing universal service portability to individual ETC costs. MTA also recommends that the FCC create verification and enforcement procedures that determine accurately that CETCs' subscribers actually live and work in the CETC's universal service study area. We further recommended that the CETC annually certify, as do ILECs, that they use universal service for its intended purposes.

MTA expressed its concern about the continual trend toward increasing end-user charges while reducing access and other charges borne by entities other than end users. The cumulative effect of such policies effectively creates subsidies in which low volume, and rural users subsidize urban, high volume users.

With regard to the Commission's NPRM on wireline broadband services, MTA expressed its concern that defining broadband services as “information services” can negatively affect rural companies' ability to maintain investment in shared infrastructure by removing a portion of shared facility costs from the settlements process. Such a policy is contrary to the public policy of promoting investment and deployment of broadband networks. As MTA pointed out, the rural independent telcos of Montana are exemplary in the level of service delivery and infrastructure investment in Montana. For example, these companies have established over 90 rural videoconference sites in rural communities throughout the state; and have deployed DSL capability to over 150 towns in the state. Moving broadband to an “information service” category threatens this investment.

On the other hand, MTA encourages the Commission's inquiry in the Broadband NPRM to explore ways by which the contribution base can be expanded in a technology-neutral manner for funding predictable, sufficient universal service

into the future in the face of decline contributions and increasing pressure on universal service funding. In this regard, MTA believes it is time to consider whether facilities based Internet providers should be required to contribute to support universal service.

MTA also expressed its concern with the "per connection" concept in the Commission's NPRM on the universal service funding mechanism. We are concerned that moving to a "per connection" regime may again force more costs to be borne by the end-user, and relieve IXC's from their obligation to fund fairly universal service, as required in Sec. 254 of the Telecommunications Act of 1996.

The attached PowerPoint presentation was provided to the Commission during MTA's meetings.

Respectfully submitted,

/s/

Geoffrey A. Feiss  
General Manager  
Montana Telecommunications Association  
208 North Montana Avenue, Suite 207  
Helena, Montana 59601  
406.442.4316

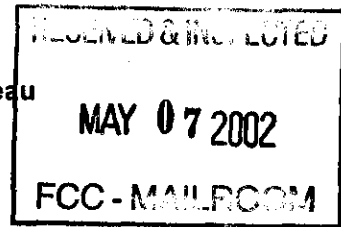
April 11, 2002





MONTANA  
TELECOMMUNICATIONS  
ASSOCIATION

Meeting with the Wireline Competition Bureau  
Federal Communications Commission  
Monday, April 8, 2002  
2:00 p.m.



Roster of Attendees

**3 RIVERS COMMUNICATIONS. FAIRFIELD, MT**

Operations Manager  
Steve Krogue

**BLACKFOOT COMPANIES. MISSOULA, MT**

General Manager  
Earl Owens, CEO  
Bill Squires, Vice President, General Counsel

**DUBOIS TELEPHONE COMPANY. DUBOIS, WY**

General Manager  
Gordon Dye

**INTERBEL TELEPHONE COOPERATIVE. EUREKA, MT**

Board Members  
Jill Yost  
Bobbi Stoken

**NORTHERN TELEPHONE COOPERATIVE. SUNBURST, MT**

General Manager  
Wayne Vick

**RANGE TELEPHONE COOPERATIVE. FORSYTH, MT**

General Manager  
Curtiss Fleming

**RT COMMUNICATIONS. WORDEN, WY**

General Manager  
Mike Kenney

**SOUTHERN MONTANA TELEPHONE COMPANY. WISDOM, MT**

General Manager  
Conrad Eklund

**MONTANA TELECOMMUNICATIONS ASSOCIATION. HELENA, MT**

General Manager  
Geoff Feiss

## Montana Telecommunications Association

Wireline Competition Bureau  
Federal Communications Commission

April 8, 2002



MONTANA  
TELECOMMUNICATIONS  
ASSOCIATION

---

---

---

---

---

---

---

## Summary of Issues

- Wireless CETCs
  - ICLS Portability
  - Access avoidance
- Universal Service Funding Mechanism
- Cable, Wireline Broadband PRMs
- All or Nothing Rule



MONTANA  
TELECOMMUNICATIONS  
ASSOCIATION

---

---

---

---

---

---

---

## Wireless/Wireline Disparity

- Wireless CETCs do not incur same costs as RoR carriers
  - CETCs don't offer similar exchange access services
  - CCL charge is based on embedded RoR loop costs
  - CETCs avoid ILEC costs: e.g., equal access; state/federal rate, quality regulations; COLR; NECA audits; mandatory accounting systems, "LEC" obligations
  - Other differences: LNP, E-911, TTY, hearing aid compatibility
- Wireless carriers avoid access, benefit from captive interexchange customer



MONTANA  
TELECOMMUNICATIONS  
ASSOCIATION

---

---

---

---

---

---

---

### ICLS Portability Creates Windfall, Uneconomic Competition

- ICLS is intended to recover actual CCL costs that are allocated solely to interstate exchange access service
- ICLS portability compensates CETCs for costs they don't incur
- Encourages uneconomic competition most where it's least sustainable: high cost areas
- Leads to lowest common denominator investment, service
- Threatens high cost fund growth
  - US Cellular, WA: \$2.2M/Qtr



7/11/2012  
11:00 AM  
11/11/2012

---

---

---

---

---

---

---

### ICLS Recommendations

- Portable support should be based on verifiable CETC costs
  - Use NECA/USAC cost studies and audit process
- Wireless ETCs should be able to verify actual subscriber location, other than PO Box
  - Potential for abuse: e.g., US Cellular, WA
- CETCs should verify that they use USF as intended (Sec. 254(e) and (k))



7/11/2012  
11:00 AM  
11/11/2012

---

---

---

---

---

---

---

### Universal Service Funding

- Specific, Predictable, and Sufficient (Sec. 254(b)(5))
  - Every carrier that provides interstate telecommunications services shall contribute
  - Question whether IXC's contribute equally under Funding Mechanism PRM
- Declining interstate revenues
  - IP Telephony
  - Wireless access circumvention
- Loop/LEC cost recovery
- GAO 02-187:
  - Statutory framework permits FCC to require any provider of interstate telecommunications to contribute, if public interest requires. Might need to revisit how best to provide universal service to all Americans



7/11/2012  
11:00 AM  
11/11/2012

---

---

---

---

---

---

---

## Wireline Broadband

- FCC declaratory ruling calls cable-modem service "information service," with no telecom service component
- Wireline broadband NPRM calls wireline broadband "information service," with telecom service component
  - Is broadband a service or facility?
  - Effect on small companies of removing wireline broadband telecom component from settlements, return on investment



WIRELINE BROADBAND  
DECLARATORY RULING  
AND NOTICE OF  
PROPOSED RULEMAKING

---

---

---

---

---

---

---

## All or Nothing

- All-or-nothing rule should not apply to single study area RoR carriers
  - RoR carriers operating all study areas under RoR regulation would not operate affiliates under two regimes
- FCC should eliminate all-or-nothing rule, or exempt RoR carriers seeking to keep all exchanges—new and existing—under RoR.



WIRELINE BROADBAND  
DECLARATORY RULING  
AND NOTICE OF  
PROPOSED RULEMAKING

---

---

---

---

---

---

---